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ABSTRACT

The paper summarizes what is currently known about fund raising in higher education, and proposes priorities for research that will better inform fund raising practitioners. Research on fund raising has been limited for such reasons as lack of interest by the professoriate and the relative recency of the major professional association of fund raisers, the Council for the Advancement and Support of Education. What is known about fund raising in higher education is presented in the form of six questions and answers: (1) Will a winning football team help us raise outside support? (no); What is known about donor behavior? Why do people give to colleges and universities? (givers tend to be religious, married with children, women, and better educated); (3) What is known about how much institutions spend on fund raising? (cross-institutional comparisons are not very helpful); (4) Will spending more on fund-raising help raise more funds? (yes, probably); (5) Can research provide clues into raising funds from corporations and foundations? (emphasize college's past successes and corporate self-interest); and (6) What are the major ethical issues faced by fund raisers? (confidentiality of donor information and separating gifts from contracts). Contains 12 references. (SM)

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FUND RAISING IN HIGHER EDUCATION

WHAT WE KNOW, WHAT WE NEED TO KNOW

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This paper was presented at the annual meeting of the Association for the Study of Higher Education held at the Ritz-Carlton, Buckhead in Atlanta, Georgia, November 2-5, 1989. This paper was reviewed by ASHE and was judged to be of high quality and of interest to others concerned with the research of higher education. It has therefore been selected to be included in the ERIC collection of ASHE conference papers.

ASHE Paper Presentation
Fund Raising in Higher Education: What We Know, What We Need to Know.

Barbara E. Brittingham and Thomas R. Pezzullo

Higher education in the United States has grown increasingly dependent on private voluntary support in the last two decades, due to the increased need for unrestricted support in the pursuit of excellence, costs that have risen faster than inflation, and the decline of government funding. Yet research on fund raising has lagged behind the expansion of institutional effort. The purpose of this paper is to summarize what is known from research findings and to suggest priorities for research that will better inform fund raising practitioners.

What do we know about fund raising in higher education? The short answer is that we know very little: research on fund raising in higher education is both limited and fragmented. Some thoughts about why this is so may be of general interest to those in the audience concerned with what topics in higher education are studied and why they are pursued.

The fact that we know so little is surprising, since there are at least three indicators which would suggest that research on higher education fund raising should be at a somewhat advanced state:

1) fund raising in American higher education has a long history, going back to the early days of Harvard University;

2) it is a subject apparently amenable to a number of disciplinary perspectives, including education, sociology, anthropology, economics, psychology, philosophy, and policy studies; and

3) private funds have become increasingly important to a broad range of institutions, including now, the community college.

Despite these indicators that fund raising would be a frequent topic of research, the activity until quite recently has been marginal. It would seem research on fund raising has been limited for several reasons:

1) Fund raising has not been of significant interest to the professoriate, a group which represents a large potential corps of researchers on any given topic. Indeed, at least until quite recently, the preferred faculty attitude toward the development office was often to pretend it did not exist or to view it with some disdain. Faculty members have traditionally had little interest in fund raising. So, for example, while psychologists have conducted controlled experiments on selected aspects of giving, the studies have been limited and their applicability to higher education fund raising remains unestablished.

2) Until quite recently, fund raising has been described in the terms of a gift relationship, and the most likely scholars of gift relationships — sociologists and anthropologists — do not appear interested in studying matters so closely related to their home institutions.

3) One group of scholars who did, from time to time, do research that related to fund raising were economists. However until very recently, economists used models to predict giving that assumed that people who made contributions to charities and to higher education did so out of fairly direct economic motivations. This set of assumptions prevented economists from seeing, for several years, that contributions to higher education — and to other tax-deductible organizations — cannot be satisfactorily explained by traditional economic motivations alone.

4) Institutional researchers — the other most likely group to study a higher education topic — have shown little interest in studies related to fund raising. The agenda of institutional researchers tends to be driven by interests that have not embraced fund raising as a topic. Their first priorities have to do with reports required of government agencies, boards and coordinating councils, indices of efficiency, activities of the professoriate, and questions that might relate to actual or potential lawsuits. The economic questions of institutional researchers have traditionally involved questions related to costs and trends in public sources of funds. The intersection between the agenda of the institutional researcher and the development officer at most institutions has traditionally been empty.

5) The largest number of studies on fund raising has been done by graduate students for their dissertations. Most often these students have entered their doctoral studies from development positions in higher education; and, most often, an aspect of the development program at the institution that employs them or the one at which they are studying is the focus of the dissertation. The dissertations have come from a wide array of programs, and often the graduate students are working under the direction of a faculty member without personal research experience in the fund raising realm. Often, too, the dissertations are not published, presumably because the author returns to the hectic life of a development officer, with little time and nearly no incentive to publish research.

6) Institutions have found that the most valuable data for them has been that information constructed and shared by their immediate group of institutional peers. Development officers from Ivy League institutions, New England Land Grant institutions, and other groups of peer institutions meet regularly to share indices of performance. These indices, as perceived by those who generate and share them, are seen as the most immediately valuable information; and there is no avenue though which they are made publicly available in the detail with which peers are willing to share them privately.

7) The major professional association of fund raisers, the Council for the Advancement and Support of Education, is itself quite new — having been the amalgamation of a public relations association and an alumni affairs organization — and has until quite recently had only cursory interest in the support and stimulation of research. CASE is just about 30 years old — formed from a combination of a public relations organization and an organization concerned with alumni affairs administration. It has had a formal program to support research for less than five years; the first holder of the research staff position is on the panel today: Judy Grace. The fund raising business is fast-paced and demanding, with little time for reflection and little tradition of expecting that research will be worth the time invested. Few of us can ever spend much time looking back.

Now fortunately, many of the factors that have limited research on fund raising in higher education are changing. Fund raising has moved into the mainstream of higher education as more institutions — certainly more public institutions — have found that raising private support is essential to achieving their conception of excellence. Also, conceptions of fund raising have broadened, making the topic of broader interest to scholars in college and universities. Fund raising and marketing are closely related, and only within the last decade or so has marketing become an acceptable term in higher education and have researchers in higher education realized that concepts from marketing can be applied to a relationship that has traditionally been cast in altruistic language. In very selected instances — and Margaret Duronio and Rita Bornstein are probably the best examples — development professionals have learned to value research on fund raising and in some cases are conducting some of the most direct and most rigorous research in the field.

In 1986, Robert Carbone reported the results of a major conference to review the state of research on fund raising in higher education and help set an agenda for future research. Also, in the last few years, major foundations, notably the Exxon Educational Foundation, have supported research in educational fund raising; and major research universities, including the University of Virginia, the University of Maryland, and Indiana University-Purdue University at Indianapolis have established centers where scholarship on fund raising will be supported and encouraged.

What do we know about fund raising in higher education? For purposes of a quick summary, we will present a series of questions and answers. Since this session is organized around the professional lives of development officers, we will use the fact that one of the roles of the development officer is to educate the president about development. So, for purposes of organizing your listening to what follows, pretend that you are a newly appointed president of a college or university. I am your well-informed development officer, presenting you with a concise overview of research knowledge on the field. As you listen, ask yourself whether these questions are the ones you would most likely want answers to and ask yourself whether the answers to the questions given are satisfactory for you, as the president. Let's start with an easy one.

1. Will a winning football team help us raise outside support? No. Despite what you may hear from the alumni, it will not. Research on the relationship between athletics, winning teams, and successful fund raising goes back to the 1920's. In fact, if we were to pick the topic that was studied the most with the most consistent and clear results it would be the relationship between winning football teams and raising more money. There is no relationship, Madame President. Period. Next question.

2. What is known about donor behavior? Why do people give to colleges and universities? The largest number of studies on fund raising have been related in one way or another to donor behavior. While many of these studies represent straightforward surveys of alumni of one or a small number of institutions, some important advances are being made in developing models of donor behavior. The most promising models are those that depart from pure altruism in favor of exchange models, explaining donor motives based on receipt of "goods" in exchange for the gift, and a repeated disequilibrium that follows leaving the donor with a need to respond to recognition and acknowledgement with yet more gifts. These models are particularly important since they can provide a perspective from which to study the donor behavior of non-alumni friends of the institution as well as alumni.

The surveys on donor behavior — actually alumni behavior — have been supplemented by a number of general studies of giving. In general, people more disposed to giving are religious, especially Protestant; married, with children; women; and better educated.

Alumni donors tend to be wealthier, be middle-aged or older, have strong emotional ties to their alma maters, have earned at least a bachelor's degree, participate in some alumni activities, and have religious or voluntary affiliations; sex and marital status are not good predictors of alumni giving. The search for pre-college variables or college variables (including major, place of residence, and participation in student activities) associated with giving has yielded few consistent findings, though having sufficient financial aid may be related to future giving.

3. What can you tell me about how much institutions spend on fund raising? It's hard to know how much others spend for sure unless we can join a group of our peer institutions and build the trust so that we'll share data. And from a practical sense, knowing what our peers spend is more valuable to us than knowing what institutions spend in general. In general, we know that private institutions spend more than public institutions, though some large public institutions have made big investments recently. Large universities and selective liberal arts colleges spend the most and raise the most.

Research has sometimes reported the cost for an institution to raise a dollar. Naturally, it would be quite useful to an institution to know how much it "should" spend to raise a private dollar. However, the data here are somewhat

less helpful than presidents would typically like. For example, one recent study reported the cost to raise a dollar in a private institution with a mature fund raising program is $.08; for public institutions the estimated range is $.12 to $.17. For institutions with mature programs, acceptable costs have been estimated as high as $.25 to raise a dollar.

Published research on spending is generally limited to surveys. While surveys are often useful at the time, their data become dated fairly soon, as inflation changes the meaning of the numbers and as institutions change their level of investment in fund raising.

Collectively, the research on fund raising costs has provided limited insight into optimal level, relation to output, or control of marginal costs of fund raising. The best informed advice available suggests that internal rather than cross-institution comparisons are to be preferred with careful attention to monitoring of average costs, per gift dollar marginal cost changes, diminishing returns, the percent of total institutional budget spent on advancement, and gift income by source and program.

4. Will spending more on fund-raising help us raise more funds? Yes, there is every reason to believe that it will. A great deal of research evidence indicates that institutional fund-raising is related to the investment institutions make in their fund-raising efforts. (In a sense, fund raising is no different from almost any other aspect of the institution: larger investments will result in larger pay-offs. However, investments in fund raising result in additional support for the major missions of the institution.)

However, in all candor, Madame President, the research does not give strong clues as to how that money may best be spent. We suspect that the type of investment best for any particular institution is probably related to its current strengths in fund-raising, its current needs, and its particular opportunities for raising private support.

Donors tend to give where they perceive quality; and the rich, in particular, are sensitive to the price of giving. We run a quality institution here, Madame President, and that bodes well for future gifts. And since tax policies have shaken out and the economy is generally good, we can expect relatively strong continuing efforts from our wealthy alumni and friends.

Internal studies, such as those I mentioned earlier, can help us decide if we're spending our money wisely. In sum, trust me, Madame President. Invest more in fund raising, and I'll bring in more private support.

5. Are there clues that research provides into raising funds from corporations and foundations?

A few. For example, we know from research as well as experience that corporate giving is tied to self-interest such as gains in research in the area of

company's needs, production of trained personnel, employee morale, and the improvement of the community environment.

On the other hand, foundations appear most interested in a college's past successes, the evidence of its ability to perform, its size and prestige. Most foundations are highly focussed, thinly staffed and conservative; they are inclined to give to established and larger organizations, and often follow the lead of other donors or larger foundations, without further research and evaluation.

In the case of both corporations and foundations, success breeds success. If we can convince the lead corporations in our area to raise their giving sights, others are likely to follow. That's why when you compare cities that appear to otherwise have similar economic and business conditions, corporate giving is much higher in some than in others; leaders set the tone and pace.

In the case of foundations, large foundations like to see that local foundations have made a first investment; and small foundations with limited staffs may be likely to follow the lead of bigger foundations. Getting into that loop will help us increase our overall success.

6. What are the major ethical issues faced by fund raisers? Some important issues, indeed. Today, fund raisers face ethical decisions about what private support to pursue or accept for their institution; how to draw appropriate lines when gifts begin to resemble contracts, purchases, or investments; the privacy and privilege of donor personal information; and the fund raiser's own professional commitment to voluntary fund raising and the institution.

These ethical questions can go to the heart of an institution's reputation and ethical behavior with major constituents. For example, fund raisers are often in the position of advising their presidents about when gifts might come with *strings* – that resemble *nooses*. Yet the difficult part is that these issues are seldom discussed, except perhaps in those meetings of peer-group institutions I mentioned earlier.

While the issues are beginning to be defined more openly, there is very little data available on how fund raisers think about these issues. For example, a major ethical issue concerns prospect researchers, those members of the development staff whose job it is to identify and learn more about likely major donors to an institution. A prospect researcher who pursues the job vigorously is likely to learn more about a potential donor than the donor might realize. Yet there are few firm guidelines about what data are appropriate to record or how data should handled at the institution. Earlier this fall at a conference for prospect researchers, a group was asked to respond to the following question: "A large donor to your institution calls and asks to review the file you have created on him. What do you do?" Here's what the prospect researchers in the room said (Stehle, 1989):

Show him the contents of his file: ***58%***
Show him only parts of his file, allowing him to believe that this is his entire file: ***24%***
Show him parts of his file and explain that there are materials in his file that are only available to development staff: ***13%***
Refuse to show him the file at all: ***5%.***

Now, Madame President, while I can assure you that our institution would show the donor his file, the data are a reflection of the type of fundamental ethical concern fund raisers face and how little open discussion — let alone research — there has been about these matters.

We'll end the interview with Madame President here, though you may get the sense from this dialogue that while there is some research that can inform practice in fund raising, there is much left to learn. Which brings us to the final portion of this paper: What do we need to know about fund raising in higher education?

Suggested Future Research:

Robert Carbone's *An Agenda for Research on Fund Raising* (1986) provided a concise and exciting focus for research on fund raising. Now four years after the conference that was the basis for his *Agenda*, Carbone's work stands up well as a prescription for strengthening the body of knowledge, professionalizing the literature, and addressing the information needs of fund raisers and decision-makers in higher education. His recommendations for future research are organized into categories, including the philanthropic environment, the work and career of fund raisers, and the management of fund raising. Anyone seriously interested in pursuing an agenda of research on fund raising should read Bob's monograph.

Rather than repeat his suggestions here, we offer a few specifics of our own, based on an extensive reading of the research on fund raising.

First, while there have been many exciting, exploratory studies, the literature is weakened by too little consistency in data definitions and approaches to research, and a widespread lack of follow-up on initial or exploratory studies that might strengthen and extend – or correct the initial studies. So, our first injunction is for consistency and follow-up, a familiar injunction in many areas of educational research.

Beyond that, we believe that the following types of studies would provide information interesting to researchers and useful for practitioners.

1. Research on Spending and Fund Raising Effectiveness. While institutional spending seems associated with greater effectiveness in fund raising, research energy needs to be applied to examining the returns on a variety of approaches

to increased effort, comparing and contrasting the returns under reasonably comparable conditions and institutional types.

2. Research on Consistency of College Mission. In the past fifty years many institutions have abandoned or outgrown their historical missions [e.g., single-sex, church affiliated, ...]. Are the alumni of consistent-mission colleges more likely to remain loyal and demonstrate their support financially? Are those that have clung to their historic missions missing support from potential new sources, while maintaining only traditional ones?

3. Research on Formation of Alumni Donor Attitudes. The evidence linking alumni emotional commitment to their donor behavior now suggests that more research be conducted on how those attitudes form, when they form, and the extent to which post graduation activities can influence those attitudes. If attitudes cannot be changed post graduation through bonding and cultivation activities, the influence of undergraduate experience and the focus of post graduation advancement activities will take on increased importance.

4. Research on segmented markets. Researchers and practitioners alike are drawn to research on donor behavior. But such studies have typically considered the alumni pool of subjects to be a single group. Market research has made important recent advances in the identification of and appeal to segmented markets, and the results of such studies can provide a welcome contribution to institutions interested in increasing the opportunities for constituency fund raising.

With these guidelines for future inquiry, it will be possible to add crucial information to the development of an integrated theory of fund raising, donor behavior and effectiveness of fund raising practices.

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